

## Message Text

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PAGE 01 ISLAMA 06145 070930Z

11

ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 AID-05 EB-07 COME-00 TRSE-00

XMB-04 AGR-10 /043 W

----- 073086

R 070700Z JUL 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 910

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

UNCLAS ISLAMABAD 6145

E.O. 11652: N/A

TAGS: EFIN, PK

SUBJ: OPIC LOANS: PREMIER TOBACCO AND RAFHAN MAIZE

REF: ISLAMABAD 5923

1. ECONOMIC COMMERCIAL COUNSELOR HAS RECEIVED FOLLOWING  
LETTER FROM STATE BANK OF PAKISTAN.

BEGIN TEST.

DEAR SIR,

WILL YOU PLEASE REFER TO YOUR LETTERS DATED APRIL 15,  
AND APRIL 30, 1975 ADDRESSED TO THE GOVERNOR FORWARDING  
THEREWITH THE PROPOSALS OF OVERSEAS PRIVATE INVESTMENT  
CORPORATION REGARDING ITS LOCAL CURRENCY LOANS TO PREMIER  
TOBACCO CO. LTD., AND RAFHAN MAIZE PRODUCTS CO. LTD.,  
UNDER SECTION 104 (E) OF PL 480. IN THIS CONNECTION I  
AM DIRECTED TO ADVISE YOU THAT THE STATE BANK OBJECTS  
TO THESE PROPOSALS FOR THE FOLLOWING REASONS:

1. THE RATE OF INTEREST PROPOSED TO THE CHARGED IS  
1/2 PERCENT LOWER THAN THE MINIMUM ADVANCE RATE  
PRESCRIBED FOR SCHEDULED BANKS BY THE STATE BANK.  
THIS WOULD AMOUNT TO DISCRIMINATION AGAINST OTHER  
FIRMS WHICH HAVE TO BORROW FROM BANKS FOR  
SIMILAR PURPOSES.

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2. IN VIEW OF THE INFLATIONARY SITUATION IN THE COUNTRY THE STATE BANK IS REGULATING THE EXPANSION OF CREDIT IN THE ECONOMY IN ACCORDANCE WITH A CREDIT PLAN UNDER WHICH ABSOLUTE CREDIT CEILINGS HAVE BEEN GIVEN TO THE COMMERCIAL BANKS. GRANT OF LOCAL CURRENCY LOANS BY OPIC WOULD MILITATE AGAINST THE STATE BANK'S CREDIT CONTROL POLICIES.

3. THE COMMERCIAL BANKS HAVE A FAIRLY COMFORTABLE LIQUIDITY POSITION AT THE MOMENT AND THERE SHOULD BE NO DIFFICULTY FOR THE FIRMS IN QUESTION TO OBTAIN THE REQUISITE CREDIT FROM COMMERCIAL BANKS.

YOURS FAITHFULLY,  
(MANZOOR ALI)  
CHIEF, MONETARY AND BANKING DIVISION

END TEXT.

2. EMBASSY WILL BE TRYING TO OBTAIN FURTHER CLARIFICATION.  
LUPPI

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TOBACCO, BANK LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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